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Governor's Task Force on Rural Development

Summary Report)

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November, 1983

FOREWORD

Historically, Missouri has been recognized as a strong agricultural state. Missouri's agriculture has been dominated by an owner-operator structure typifying what is commonly considered the "family farm". To complement the agricultural industry, the numerous small communities located throughout rural Missouri have provided the agribusinesses necessary to market farm production in addition to providing inputs necessary for efficient farm operation.

During the past decade, rural Missouri has been in a state of transition, resulting from increasing amounts of agricultural products being produced by large-scale farms. Although the number of people earning a major portion of their income from farming has decreased, there has been an increase in the rural population. All but 20 of Missouri's 114 counties have shown an increase in population during the past decade.

As farms continue to increase in size, operators tend to travel farther for farm inputs, knowledge and finances, resulting in reduced emphasis on the local community as a source of agricultural services. This transition has been further compounded by changing transportation systems and the need for movement of vast volumes of raw agricultural products into the world market.

Recognizing agriculture's importance to the overall economy of our state and the questions concerning the transition taking place in rural Missouri, Governor Bond in December of 1982 appointed a 20-member task force to review Missouri agriculture and the overall economy in rural Missouri. This task force included farmers and representatives from private enterprise, the academic community, the financial community and governmental agencies.

This report represents the task force review of the obstacles and opportunities facing rural Missouri and recommends actions necessary to maintain a high quality of life for its residents.

CHARGE TO THE TASK FORCE ON RURAL DEVELOPMENT
from
GOVERNOR CHRISTOPHER S. BOND

To evaluate the state's human, natural and economic resources, and to make recommendations as to how those resources can best be utilized to build and maintain economic vitality in rural Missouri.

To identify current economic restraints to rural development, and suggest actions which should be taken by individuals, private industry, commodity and farm organizations, labor, the educational community and governmental agencies, and to eliminate those restraints, thereby providing new opportunities for rural Missourians.

MISSION STATEMENT
OF THE
GOVERNOR'S TASK FORCE ON RURAL DEVELOPMENT
AS COMPILED BY THE TASK FORCE MEMBERS

To develop a plan containing short-term and long-range objectives which will optimize the use of our natural and human resources to enhance profit potential, and ensure the viability of the rural sector of Missouri.

INTRODUCTION

The Governor's Task Force on Rural Development was appointed by Governor Christopher S. Bond following the 1982 Governor's Conference on Agriculture.

Recognizing that Missouri's agricultural industry and the rural community is in a state of transition, the Governor charged the task force to review current economic situations, study projected trends, and recommend actions to revitalize rural Missouri.

In view of the diversity of the state's geography, population and agricultural practices, task force meetings were held in various locations throughout the state to obtain an understanding of local and regional concerns. Meetings were held in Southwest (Springfield), Southeast (Sikeston), Northeast (Kirksville), Northwest (St. Joseph), and Central (Columbia and Jefferson City) Missouri. Area agricultural leaders and industry representatives were invited to attend these meetings and share their views on agricultural and economic issues pertinent to each area.

Staff assistance was provided by the Missouri Department of Agriculture, the Division of Community and Economic Development (CARL) and the University of Missouri College of Agriculture.

OBJECTIVES

Strategic planners from major agribusiness concerns, the Federal Intermediate Credit Bank, farm cooperatives, and the academic community presented their perception of rural Missouri for the next 20 years. Their projections suggested that the changes taking place in the agricultural community since the end of World War II would continue at an accelerating rate. The result will be a growing population in rural Missouri as increasing numbers choose to live in rural areas. By contrast, an increasing percentage of agricultural sales will come from a decreasing farm population operating substantially larger acreages per unit. Missouri will experience change resulting from the relocation of farmers currently operating single-family farm units.

It was suggested that no more than 10 or 12 agribusiness centers would be required to serve the remaining multi-family commercial farms. Most agricultural products would be sold and needed inputs and technology purchased through these agribusiness communities.

If these projections materialize, increasing job opportunities in the service and manufacturing sector will be located in the agribusiness centers. Processing and manufacturing will need to develop in the smaller communities throughout rural Missouri. It is expected that the average age of rural Missourians will increase. This trend will become increasingly evident in the small communities which do not develop into major agribusiness centers.

Missouri's assets include excellent water transportation potential, a diverse land base, a varied energy base, central location, effective geographic location of population centers and a skilled work force. During regional meetings, the wide diversity of Missouri's agriculture, natural resource base, and cultural heritage became increasingly evident. However, in

discussions with leaders from each of the regions, it became evident that numerous issues confronting the rural sector of the state are common to all geographic regions.

It was with this understanding that the task force set forth the following state-wide objectives:

1. The quality of life in rural Missouri must be preserved and opportunities for personal growth should be equal for those living in rural areas and those living in the more urban settings.
2. Missouri's economy must grow at a rate equal to or greater than that experienced throughout the nation.
3. Economic growth should be encouraged to provide the opportunity for all Missourians to enjoy its benefits.
4. Every effort should be made to exploit Missouri's competitive advantages.
5. Natural resources should be used in a manner that will not adversely affect our natural environment.

Report of the Governor's Task Force on Rural Development

Findings and Recommendations

NATURAL RESOURCES

In the task force review of Missouri's assets, the wealth of the state's natural resource base became evident. Missouri is noted for the diversity and quality of its natural resource base which includes: fertile soil, major mineral deposits, abundant water supplies, vast timber areas and a substantial wildlife population.

Missouri's most fragile resource is its 38.2 million-acre land base which is used for cropland, pastureland, or forestland. In recent years, substantial areas have been converted from forage production to oilseed, feed grain or wheat production. Much of this land is rolling in topography and highly susceptible to erosion; consequently, the accelerated loss of Missouri's topsoil has created a condition which must be addressed. In the regional meetings held by the task force, alarm at the loss of fertile topsoil was the most commonly expressed concern.

In close association with topsoil loss is the need to maintain the quality of Missouri's water resource. Missouri has an abundance of surface water reservoirs and stream area. However, concern was expressed to the task force relating to the need for a water-use plan which would assure that water used by one segment of the economy would not irreparably damage other segments, (i.e., the use of groundwater for irrigation resulting in dramatic reduction in the flow of spring-fed streams in southern Missouri).

Although Missouri normally receives adequate yearly rainfall for agricultural uses, the rainfall patterns are of such an erratic nature that weather conditions must be considered a major hazard to agricultural operations. The need to supplement summer rainfall through irrigation led to the expression of concern regarding the need for a water-use program.

Nationally, 3 million acres of land are converted annually from its present use to other uses. About one-third of this conversion is agricultural land removed from production for development. Missouri annually loses about 20,000 acres of land to development and other uses. The task force expressed a need for the planned use of land resources to assure future generations the availability of essential food producing areas.

When considering Missouri's energy resource base, the estimated 50 billion tons of coal must be considered a major resource. Mining of this resource can be a major hazard to agricultural lands unless adequate protection is ensured for the return of agricultural land to its natural state. Of increasing importance as an energy resource is Missouri's forestlands and the wood byproducts that have only recently become recognized for their potential.

Missouri's combination of wildlife, forestland, and water resources provides a major asset for the tourism industry and for outdoor recreation opportunities. When discussing those issues which affect quality of life, the opportunity for close association with our natural environment is of major consideration.

RECOMMENDATIONS

1. A multi-faceted soil conservation program should be developed based on a philosophy of incentives, encouragement, education and awareness.
2. A study should be initiated to develop a water-use plan to ensure reliable sources of high quality water--both surface water and ground water.
3. Consideration should be given at the local level to the orderly development of rural Missouri with special emphasis

being given to maintenance of prime agricultural land for agricultural uses.

4. The utilization of energy resources must be accomplished in a manner that will provide for continued utilization of land areas for farming purposes.

AGRICULTURAL MARKETING

Missouri's agricultural base continues to be built around the major grain and livestock enterprises. Included in these enterprises are cattle, hogs, dairy, soybeans, corn, wheat, grain sorghum and cotton. Fifty-six percent of Missouri's cash farm receipts are generated through the sale of livestock, livestock products and poultry.

During the past two decades, major shifts have been recognized with substantial declines in the finishing of hogs and cattle and emphasis placed on the production of feeder cattle and feeder pigs for export to major feeding states. Numerically, Missouri ranks first in the sale of feeder pigs and second in the production of feeder calves.

Missouri's centralized marketing system has changed to a proliferation of auction markets and buying stations. Livestock slaughter facilities associated with the former centralized system have discontinued operations in Missouri and relocated near major livestock feeding areas.

Projections suggest continued pressure on the livestock industry because of a decline in consumption of meat and meat products and an increase in the consumption of fruits, vegetables and grain products. Missouri's proximity to major population centers and its potential for increased fruit and vegetable production suggests that an increasing

percentage of cash farm receipts can be generated from the production of these crops and other specialty items.

It was suggested to the task force that substantial opportunity exists for the processing of raw agricultural products and the sale of fresh food products directly to the consumer.

RECOMMENDATIONS

1. The development of processing industries for livestock and fruit and vegetable crops should be encouraged.
2. The Missouri Department of Agriculture and the Extension Service should develop programs to encourage direct marketing of fruits and vegetables.
3. Programs should be developed to improve the quality and image of livestock produced in Missouri.
4. Emphasis should be placed on research activities to provide the technology essential to increase production of specialty crops.
5. Emphasis should be placed on the export of Missouri's farm commodities in their processed form rather than as raw agricultural products.

RURAL FINANCE

Historically, agriculture's credit needs have been met by locally owned banks and farmers-owned cooperatives. Currently the structure of credit in rural areas is changing with consolidations taking place, particularly within the banking industry. Sufficient debt capital is expected to be available to finance Missouri's agricultural needs. However, individuals appearing before the task force expressed concern regarding an apparent unwillingness on the part of Missouri's financial community to fund enterprises with which there is little or no familiarity. The inability to secure venture capital may have a detrimental effect on the opportunity for the development of new endeavors. With the opportunity for increased specialty crop production and the need to encourage development throughout rural Missouri, the task force suggested that adequate credit must be assured.

The need for innovative financing to allow Missouri's agricultural community to benefit from the export of agricultural products was expressed. With appropriate leadership, export trading companies and other cooperative ventures could be of major importance for economic development in rural Missouri.

RECOMMENDATIONS

1. A study should be initiated to determine the adequacy of Missouri's credit needs for new or unique production opportunities.
2. Support should be given to encourage the movement of Missouri's agricultural products and processed food products into the world market and for the development of export trading companies.

TRANSPORTATION

Missouri's central location and proximity to major population centers requires that consideration be given to its transportation system. Missouri is fortunate to have major waterway systems and two major airports.

The potential use of our waterway system suggests the need for increased port capacity. Cargo could exceed Mid-America port capacity by an estimated 700 million tons annually by the year 2000.

Missouri ranks tenth nationally in the use of rail as a mode of freight movement with more than 5,000 miles of railroad track. In the past 20 years, 1441 miles of Missouri's rail line have been abandoned. Since 1973, 830 miles have been abandoned. This, coupled with the increased cost of moving agricultural products over the highway system, increases the need for cooperation in the development of an intermodal transportation system.

Another concern expressed to the task force was the failure of Missouri's bridge and highway system, particularly the bridge system, to keep pace with load potential. If rural Missouri is to use the highway system to move agricultural products from areas historically served by rail systems, it is essential that major emphasis be placed on replacement of bridges and highway resurfacing. Highway transportation provides adequate opportunity on the east-west routes; however, a major north-south highway system does not exist for most areas of the state. The industrial development opportunity in many of Missouri's rural areas will depend upon the completion of an adequate highway system.

RECOMMENDATIONS

1. A systematic plan of action must be developed to replace existing bridges.

2. An accelerated program for resurfacing existing highways must be developed with emphasis on ensuring north-south transportation opportunities.
3. Necessary bridge and highway improvements should be financed through equitably assessed fuel tax, license fees and truck use fees.
4. A study should be initiated to determine the state's role in the development of adequate port capabilities to meet future cargo potential.

LABOR

Missourians have historically been recognized as hard-working productive people recognized for their skill and work quality.

As people continue to move into rural Missouri, opportunities for retraining must be developed to take advantage of increased economic activity in the service areas and in food processing and manufacturing.

RECOMMENDATIONS

1. Training programs should be provided through vocational schools and other programs to train the relocating labor force.
2. Right-To-Work laws to ensure the basic right of individuals to choose whether or not to join a trade or professional organization should be adopted.

EDUCATION

The need for a strong educational system, as a formalized structure in elementary, secondary, vocational and higher education or in an informalized structure for job training was consistently stressed to the task force.

In the elementary and secondary education system, Missouri currently has 547 school districts of which 46 percent have enrollments of less than 500 students. Projections were provided indicating that the enrollment in elementary and secondary schools will decline throughout the 1980s. An alarming factor is the low salaries earned by Missouri teachers. In 1981-82 the average salary ranked 40th in the nation.

During the decades of the 1960s and 1970s, significant changes occurred in Missouri's higher education system. During this period, the number of institutions increased from 50 to 68 and the enrollment increased by 162 percent. Of significant importance, however, has been the decline in public support for higher education during this period. The percentage of Missouri's general revenue funds earmarked for higher education declined from 18.7 percent in FY-77 to a current level of 15.7 percent in FY-83. The task force noted the continued need for strong research efforts to provide needed technologies to maintain Missouri's position in agriculture and related industries.

If Missouri is to encourage industrial development in rural areas, a strong vocational education system is essential. Enrollment in vocational education programs in Missouri nearly doubled in the 1970s, and it is projected that the demand for vocational training will double again by 1990.

The task force was concerned with the decline of public support for educational activities. If rural Missouri is to become attractive for development it is essential that necessary educational opportunities exist.

RECOMMENDATIONS

1. A strong educational system must be developed in rural Missouri. This system will require increased public support and probable consolidation of small districts.
2. Salary increases and advancements should be given to public school faculties based upon performance and skill.
3. Increased public support must be developed for the University system.
4. Innovative programs to encourage private support for research activities must be developed.
5. Duplication of educational services in colleges and universities should be studied to determine if public tax funds are being used effectively.
6. Increased emphasis should be placed on job training using the expertise of vocational education and the Extension system.

GOVERNMENT

Missouri is noted for its large number of counties, many of which are subdivided into various townships, water districts, special road districts or other political subdivisions. As the number of rural residents increases, the need for public services including water and sewer facilities, fire protection and law enforcement may create an increasing tax burden at the local level.

Historically, Missouri has been a low tax state. Currently, per capita expenditure of public funds averages \$815 compared to a national average of \$1123. The need for public services in rural areas could accelerate the per capita tax cost in the local community resulting in needed revenue requirements which are substantially higher than most rural residents will accept.

Although the county government structure is strongly supported throughout the state, the task force concluded there will be a need to consolidate specialized functions and develop a system of cooperation between counties to provide necessary services. Currently, some counties in Missouri are experiencing critical fiscal shortages, resulting in reduced services and, in some instances, elimination of needed programs.

RECOMMENDATIONS:

1. A study should be initiated to determine the feasibility of consolidating county governments.
2. Consideration should be given to the consolidation of services and administrative functions between adjoining counties.
3. Information should be collected to determine the minimum population needed for efficient operation of a governmental unit.

TASK FORCE MEMBERS

John F. Anderson
Liberty

Wayne Lovelace
Elsberry

Dr. Kenneth L. Bader
St. Louis

Marshall McGregor
Richland

Dr. J. Bruce Bullock
Columbia

Dr. John T. Marvel
St. Louis

J. Neal Ethridge
Springfield

William A. Powell
Kansas City

David Haggard
Kennett

Don Rutter
Marshall

Dwain Hammons
Stockton

John Saunders
Osborn

Dr. Stanley J. Hille
Columbia

Van Smith
Mountain View

Rex Johnson
Mexico

Thomas E. Stine
Ozark

C.R. Johnston
Jefferson City

Frank Stork
Jefferson City

Dr. Roger Mitchell
Columbia

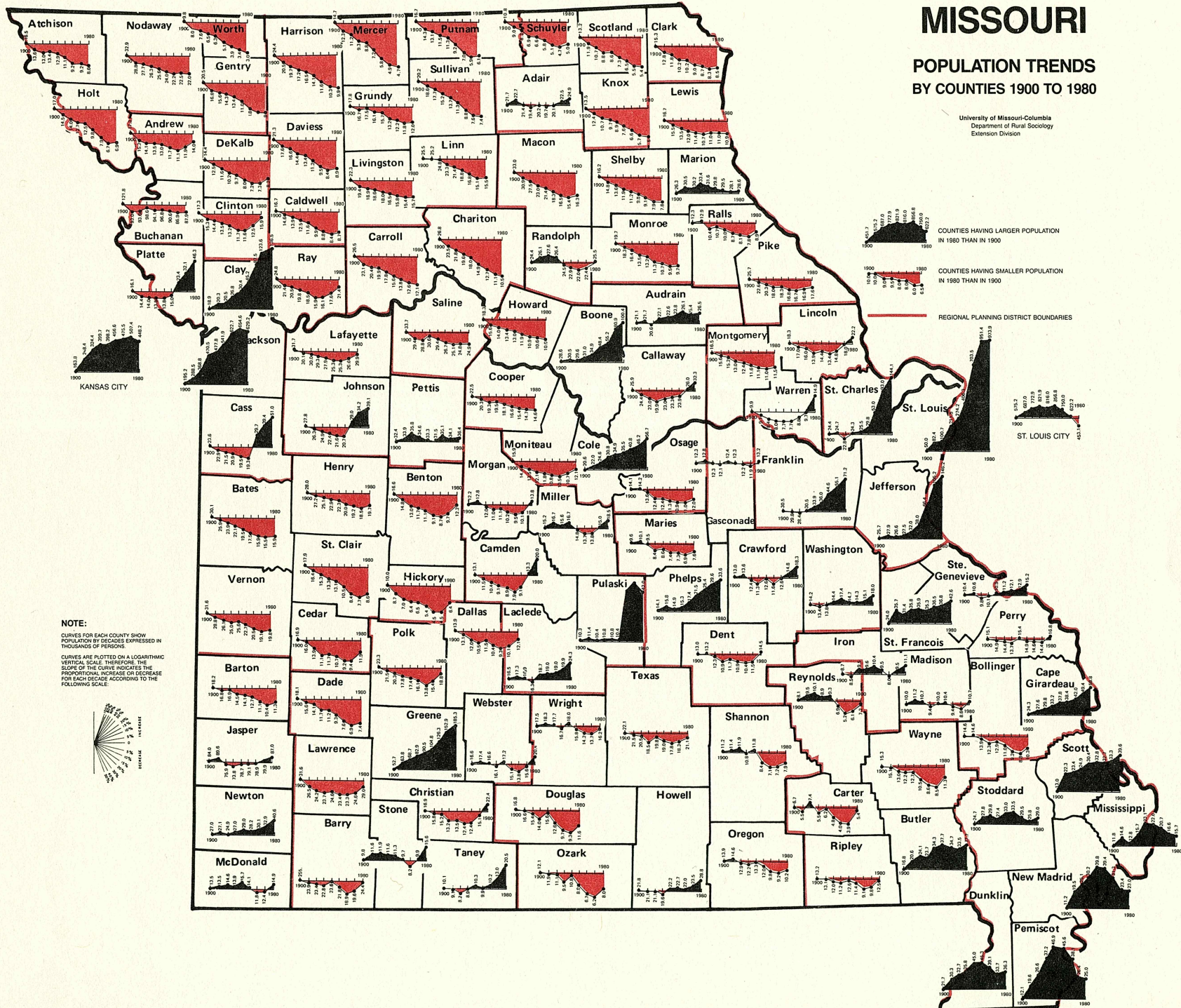
Eric Thompson
Columbia

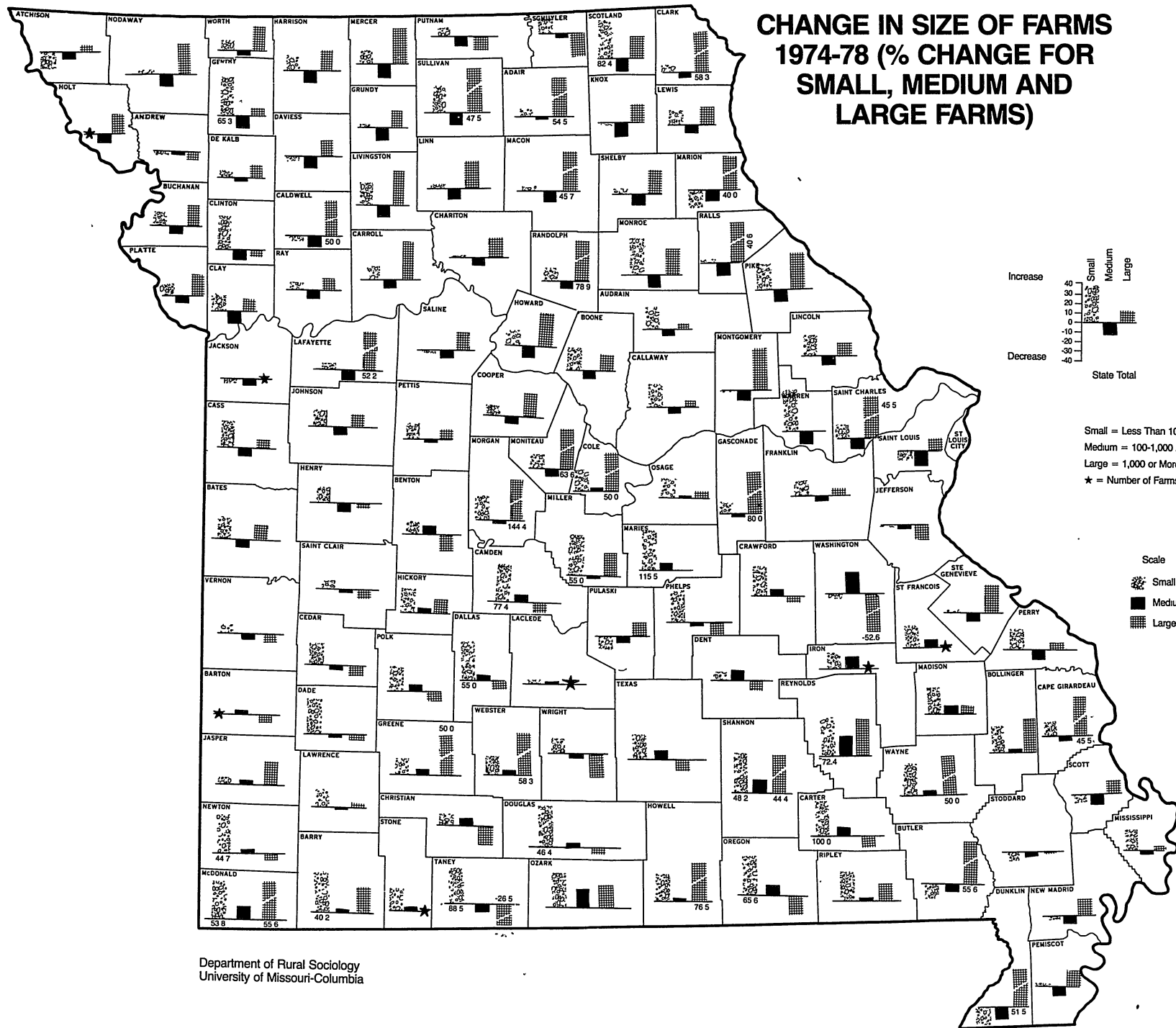
The following graphs show trends in rural Missouri
pertinent to this report.

MISSOURI

POPULATION TRENDS BY COUNTIES 1900 TO 1980

University of Missouri-Columbia
Department of Rural Sociology
Extension Division





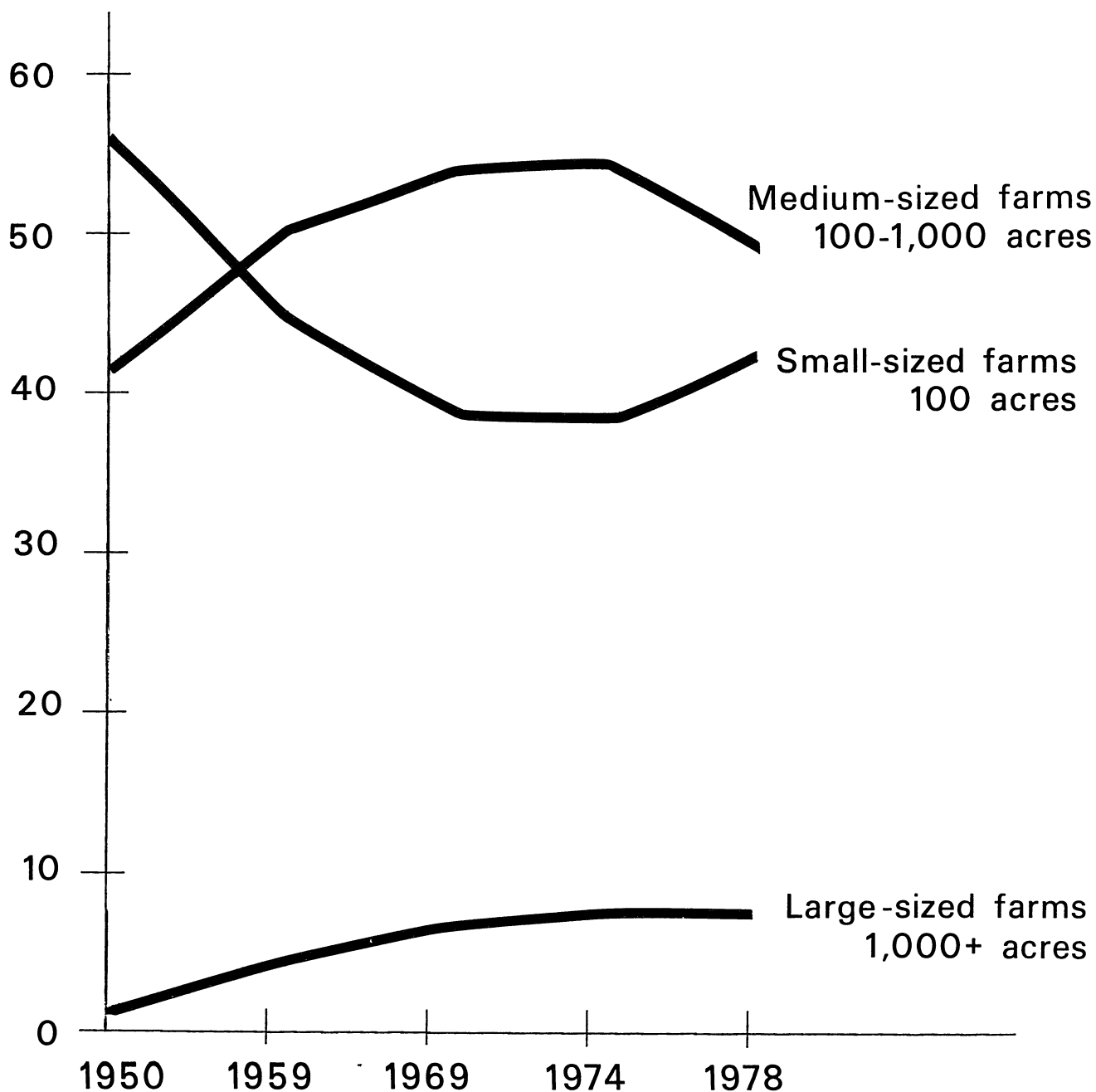
SIZE OF FARMS IN MISSOURI, 1974-1978
(Preliminary Data for 1978)

	1974		1978		Change 1974-1978
	#	%	#	%	%
Total # of Farms	115,711	100	121,826	100	+ 5.3
Size By Acres:					
Less Than 10	3,498	3.0	5,478	4.5	+56.6
10-49	13,919	12.0	18,380	15.1	+32.1
50-179	44,752	38.7	45,004	36.9	+ .6
180-499	38,543	33.3	36,712	30.1	- 4.8
500-999	11,668	10.1	12,411	10.2	+ 1.4
1,000-1,999	2,822	2.4	3,215	2.6	+13.9
2,000 or More	509	0.4	626	0.5	+23.0
Average Size (acres)	258		253		

SOURCE:
1978 Census of Agriculture
Preliminary Data

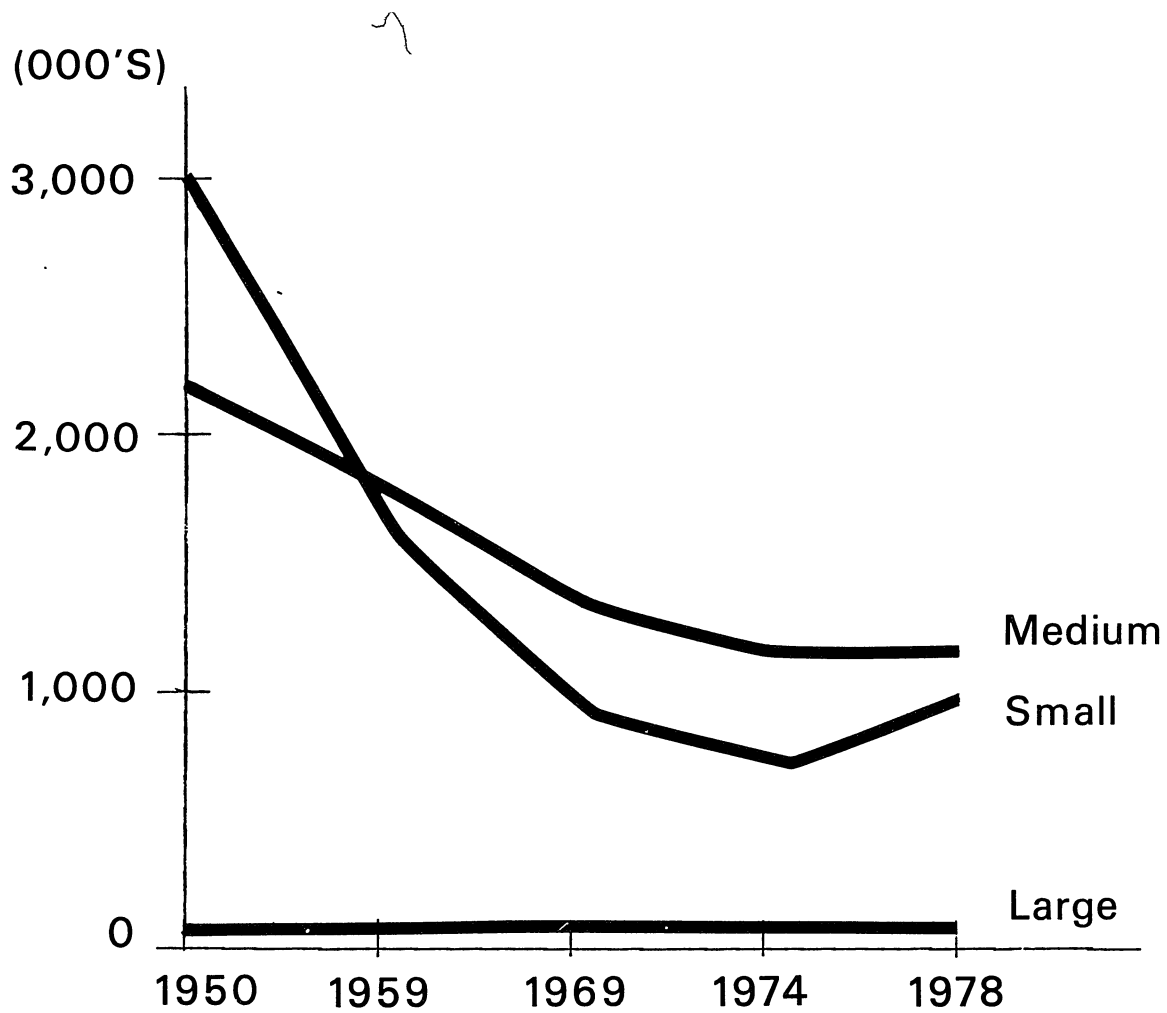
PREPARED BY:
Department of Rural Sociology
University of Missouri-Columbia

Percent Distribution By Size of U.S. Farmers 1950-1978 (Number of Acres)



*Department of Rural Sociology,
University of Missouri-Columbia*

Number of U.S. Farms By Size 1950-1978



*Department of Rural Sociology,
University of Missouri-Columbia*

